MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

M P E R A

100 North Park Avenue
PO Box 200131
Helena, Montana 59620-0131
Phone: 406-444-3154

REPORTING HANDBOOK FOR EMPLOYERS

Information for the following retirement systems:

- **Public Employees' Retirement System (PERS)**
- **Municipal Police Officers' Retirement System (MPORS)**
- **Firefighters' Unified Retirement System (FURS)**
- **Sheriffs' Retirement System (SRS)**
- **Judges' Retirement System (JRS)**
- **Game Wardens' and Peace Officers' Retirement System (GWPORS)**
- **Highway Patrol Officers' Retirement System (HPORS)**

For Use by All Payroll Clerks of Reporting Agencies

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REPORTING HANDBOOK FOR EMPLOYERS

Part I

GENERAL REQUIREMENTS FOR ALL SYSTEMS

For Use by All Payroll Clerks of Reporting Agencies

Part I - General Requirements

Introduction

The *MPERA Reporting Handbook for Employers* is a reference for payroll reports and other information required by the Montana Public Employee Retirement Administration (MPERA). This handbook also provides additional information that may be useful to payroll clerks when dealing with retirement issues. The MPERA has supplied the handbook to all agencies that report salary information for members of the following retirement systems:

- Public Employees' Retirement System (PERS)
- Municipal Police Officers' Retirement System (MPORS)
- Firefighters' Unified Retirement System (FURS)
- Sheriffs' Retirement System (SRS)
- Judges' Retirement System (JRS)
- Highway Patrol Officers' Retirement System (HPORS)
- Game Wardens' and Peace Officers' Retirement System (GWPORS)

Part I includes general requirements that apply to all payroll reports and systems. Part II includes requirements for each retirement system.

This handbook is divided into two parts, the first containing eight chapters and the second, seven chapters. Part I includes general requirements that apply to all payroll reports and systems. Part II includes requirements for each retirement system. Each agency received the three-ring binder which included Part I, General Requirements, and Part II, Chapter 1 (PERS), in 1996.

The information in Part I is general in nature because it applies to all systems or payroll reports. If you need more specific information about a system, look under the chapter covering that system in Part II. Information is repeated in the various sections so users need not search throughout the manual for related information.

This manual is designed to be easily updated. The initial handbook distributed in 1996 was three-hole punched and along with appropriate chapter dividers placed in a three-ring binder. Handbook replacement pages for Part I and Part II for the PERS, were completed in January, 2001, and mailed to all employers. Pages will be updated and sent to employers, as needed. Each page will contain a revision date. Revisions and other information for employers will also be updated regularly on the MPERA Web Site at: http://www.state.mt.us/doa/perb/perb.htm

This manual is a complete reference and a useful tool for payroll clerks when preparing reports for the MPERA. If you do not understand some material or can't find what you need in the handbook, please contact us. Comments on how we might improve this handbook are welcome. We are interested in any comment you may have.

Address any comments or suggestions you have concerning this publication to the MPERA.

Contact Lucie Willson at:

Phone: 406-444-7939
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HELENA MT 59620-0131

A *Recommended Change* form is on the next page. You may use this form to send any change to this manual you would like us to make. If you need additional forms, you may request them from the MPERA or you may copy the form.

This form will also be placed on our Web Site for you to provide comments on this publication. The MPERA web site address is:

http://www.state.mt.us/doa/perb/perb.htm

NOTE: You may copy the *Recommended Change* form, however, <u>do not copy any other forms in this manual</u>. They may not be the latest revision. If you need the forms, please notify us and we will send them to you.

If you wish to visit our office, our street address is:

100 North Park Avenue
Helena, Montana

Our office hours are Monday through Friday, 8 a.m. to 5 p.m., except on designated state holidays.

Recommended Change to the *MPERA Reporting Handbook for Employers*

Your Name	From—Agency	Date

Brief description of the problem you found such as a typo, missing material, or an incomplete description. (Attach additional sheets if needed.)

Part		Chapter		Section		Page	

Solutions, if any, you recommend:

(Attach additional sheets if needed.)

Subject Locator

Optional Membership - Membership (Part II, Ch. 9 - PERS)

Over Payments - Payroll Reports (Part I)

Payroll Reports - Payroll Reports (Part I)

Premium Authorization Form - Service Retirement (Part I)

Reduction in Force (RIF) - Refunds (Part I)

Refund - Refunds (Part I)

Refund Application - Refunds (Part I)

Seasonal Employees - Membership (Part I, Ch. 9 - PERS), Refunds (Part I)

Service Purchases (Buybacks) - Payroll Reports (Part I) Services Purchases (Part II, each system)

Social Security Number Changes - Payroll Reports (Part I)

Terminating Members - Refunds (Part I), Payroll Reports (Part I)

Total Page - Payroll Reports (Part I)

Under Payments - Payroll Reports (Part I)

Work Related Injuries - Absences (Part II)

Working Retirees - Working Retirees (Part II)

General Information

The report and contributions are due five working days after the last payday for the reporting period.

Retirement statutes require your agency to send a monthly payroll report along with retirement contributions to the MPERA. The report and contributions are due 5 *working* days after the last payday for the reporting period. (See note on next page.)

The MPERA initially may assess a penalty of 8% for late reports. The penalty then increases to 9% of the total payment due or $10 a day, whichever is greater, if payment is not received.

You may report payroll information by one of two methods: (1) by a hard copy turnaround report (2) by electronic reporting which can be by computer generated diskette, by electronic transfer, or by the online reporting system. This chapter explains the turnaround report and the next chapter, Electronic Reporting, explains reporting by diskette, electronic transfer, and online reporting. **All reports require the same information.** This chapter provides a detailed explanation of the information required in payroll reports. Chapter 4, Electronic Reporting, explains the required formatting for reporting by electronic transfer, diskette, and online reporting. If your agency reports, or wants to report, by electronic reporting, you should also refer to the next chapter.

Report forms are 2-part computer printouts, printed by the MPERA and mailed to your agency. The MPERA designed the report to be a turnaround document. You retain the copy for your agency's records, and you must return the corrected original to the MPERA with your remittance. (Any membership cards should accompany the payroll report.)

*Each turnaround payroll report form consists of **three sections**.*

Each turnaround payroll report form consists of three sections. **Section one**, or the main body, may have several pages and will list each employee who is a member of the retirement system alphabetically. Each report will list employment information about each member on at least two and sometimes three lines. **Section two** is the new member report and you will use it to report new employees. **Section three** is a summary of the payroll report for the present month. A detailed explanation is provided on the following pages.

The report should list every employee in your agency who is a member of the retirement system. Your agency may have employees you do not list on the report. Retirement statutes exclude certain employees from membership and membership may be optional for others. For more information about membership, refer to the membership section listed under the specific retirement system chapter.

Note: Verify that a new member is not a retired PERS member receiving a monthly benefit. See Part II, Chapter 9 PERS, Section 7 Working Retirees.

NOTE:
Beginning July 1, 2003, payroll reports will be due five working days after every pay day.

Payroll Report Process

The MPERA will print and send you the payroll report form. The form is a computer printout of the last payroll report you submitted. This should reflect your payroll report for the previous reporting period and will be your report for the current reporting period. The date on the report should be for the current pay period being reported. Please compare your records with the report and make corrections on the report. The corrected report must reflect the salary paid, hours worked, and contributions withheld for each member during the current pay period. The report must also reflect any changes, such as a new hourly rate of pay or if an employee has terminated.

The corrected report must reflect the ***salary paid, hours worked,*** *and* ***contributions*** *withheld for each member during the current pay period.*

Send the report to the MPERA after you make corrections. The MPERA will process the payroll report for the current reporting period and will mail you the turnaround report for the pay period. If you do not receive your turnaround report, you may make corrections on a copy of a previous report. **Change the date** at the top of the form to the pay period being reported before submitting the report. You may also request another report from the MPERA.

Change the date at the top of the form to the pay period being reported before submitting the report.

You may send a late report with the report for the current pay period. Please do not combine the reports into one report, because the reports must be processed separately. The MPERA cannot separate the reports, and we must return them to you.

Before submitting each report, you must ensure the report balances. Double check individual earnings and contributions. If the report does not balance, we must return the report to you. If you subsequently submit a late report, the MPERA may assess a penalty against your agency.

Section One: Main Body

Print changes on the report in red ink above the crossed out incorrect information.

The main body of the report will list all members and corresponding information that you previously reported to the MPERA. The report will list information about each member on at least two and sometimes three lines. You must complete all items of information in the first two lines for each member. For a member with no middle name or initial, leave that item blank, otherwise an entry is required. You must compare the information for each member with your records. Make corrections so the report will agree with your information for the month being reported. When making corrections to the payroll report, please print legibly and in red ink. Cross out the incorrect information and print the correct information above the crossed out information.

First Line: For each member currently reported, the report will list the following information on the first line. Figure 1 at the end of this section is an example of a payroll report.

- **SSN** is the member's social security number.
- **LAST NAME** is the member's last name.
- **FIRST NAME** is the member's first name.
- **MI** is the member's middle initial, if the member has one.
- **PT** is the part-time indicator, **Y** for yes and **N** for no. This field defaults to '**N**', which shows the member is a full-time employee. If the member is a part-time employee, change the '**N**' to a '**Y**'.
- **SSNL** is the seasonal indicator, **P** for permanent, **S** for seasonal, or **T** for temporary. This field defaults to **'P'** which shows the member is permanent. If the member is a seasonal or temporary member, change the **'P'** to either an **'S'** or a **'T'**. Use the definitions as established by your agency to decide the correct indicator.

Second Line: The second line will contain the following information for each member. Figure 1 at the end of this section is an example of a payroll report.

- **EARNINGS** are the gross salary, wages, or compensation paid to the member for the month. Include pay for regular and overtime hours, and any other payment such as payout of any vacation or sick leave when an employee is terminating.

- **CONTRIBUTIONS** are the contributions deducted from the member's salary. The contributions are tax-deferred. Use the member's gross salary, to calculate contributions before any other deductions, which are not tax-deferred, are calculated.

- **HOURS** are all hours for which the member received pay, salary, or compensation. Under HOURS, include all normal, overtime, sick leave, and vacation hours for which you reported salary, wages, or compensation under EARNINGS.

If a member works in more than one position at different hourly rates, add the rates and divide by the number of positions to calculate an average rate of pay.

- **HOURLY RATE** is the hourly rate of pay the member receives. Check the rate for the current report and correct the rate if it is wrong. You must report hours for every employee or service will not be credited.

NOTE: If a member works in more than one position at different hourly rates, add the rates and divide by the number of positions to calculate an average rate of pay.

Third Line: The first two lines are always required for each member and each item requires an entry. A third line is required only if a member is having contributions withheld for the purchase of service (a buyback). When required, the third line must contain the following.

- **TYPE** is the type of service the member is purchasing, such as a refund or other service. Refer to the Service Purchase section in each system.

- **AMOUNT** is the contribution the member is having withheld to pay for the service purchase. This amount is withheld from the member's pay and included with the contributions your agency sends to the MPERA. The contributions are tax-deferred. You must deduct (withhold) these contributions from the gross salary before any deductions which are not tax-deferred, such as social security and taxes, are calculated.

Making Corrections

Make all corrections in RED above the incorrect information.

A sample payroll report follows these instructions. The following paragraphs discuss procedures for correcting each item. The circled letter above an item on the sample payroll report corresponds to the letter of the instructive paragraph below.

A. Terminations: Write "Terminated" above a member's name to show the individual has ended employment with your agency. Please **DO NOT** line through the name or social security number. You must make this notation on the report that will reflect the individual's **final** wage and salary payment. Writing "Terminated" directly above the last name also notifies MPERA to remove the member's name and information from future reports. Apply the same procedure to a person who is retiring or has died. (See B and E.)

B. Salary, Contributions, Hours, Hourly Rate and Indicators: Draw a line through the incorrect salary, contribution or hours and above the lined out information, print the correction in **red**. When only one digit of an item is wrong, please line through and rewrite the entire item. If you "zero out" someone (due to termination, retirement, or death); draw lines through the old salary, contributions, and hours **and write zeros above these**. Write the word terminated, retired, or deceased above the last name if the member will no longer be on the payroll. If a member simply did not earn any salary during the month, zero out only the salary, contributions, and hours.

*A new membership card **must** accompany the report reflecting the name change.*

C. Name Changes: For name changes or corrections, draw a line through the incorrect name and write the correct name above the incorrect name. You only need to line out the incorrect name. For example, if the last name is incorrect, you do not need to line through the whole name, just the last name. Please **DO NOT** line through the social security number. A new membership card **must** accompany the report reflecting the name change. The MPERA **will not** correct the name until we receive a new membership card.

NOTE: If the correction on the report appears to be the MPERA data entry error, then a new card is not required from the employer.

D. Social Security Number (SSN): Correct the SSN by writing the correct number in **red** above the incorrect number. **Do not line through the SSN**. Please *verify* all SSNs with the member before submitting a change to the MPERA. If the SSN is also wrong on the membership card, the member must send a corrected card to the MPERA before you correct the payroll report. The MPERA may require proof before making changes to the SSN.

To receive a cost statement and for information about initiating a service purchase contract, advise your employees to contact the MPERA in writing.

These contributions, to purchase service, which a member makes through payroll deduction are tax-deferred.

E. Deaths: Please notify the MPERA immediately upon the death of a member working for your agency. (Phone: 406-444-3154 or Toll Free: 877-275-7372). The MPERA must ensure beneficiaries are aware of their rights and options, and provide proper forms to the beneficiaries.

To show a member's death on a payroll report, follow the procedure listed under **Terminations** (paragraph A), writing the term "Deceased" rather than "Terminated" above the member's last name. **Do not** line through the name or SSN.

F. Service Purchase (Buyback) **Contributions:** IRS rules prohibit members from making contributions, other than regular contributions, for any purpose except to purchase service. If a member wants more information, the member should contact the MPERA.

Active members may purchase service with tax-deferred payroll deductions. Once selected, the service purchase contract cannot be terminated except by death or termination of employment. Payment schedules cannot be less than three months or more than 60 months (five years). The member could also pay for the service purchase in one lump-sum or make monthly payments. (These payments are not tax-deferred.)

To receive a cost statement and for information about initiating a service purchase contract, advise your employees to contact the MPERA in writing. They must provide the following information to receive a cost statement: full name, current address, social security number, daytime phone number, and the type of service they wish to buy. After receiving a cost statement, employees must complete and sign the *Payroll Deduction Authorization* form. Employers must also sign this form which authorizes the payroll deductions for the service purchase. It is a three-part form with one for the member, one for the employer, and one to be returned to the MPERA as soon as the form is completed and signed. A sample of this form and instructions for completion are in the Service Purchase section for each retirement system.

These contributions, to purchase service, which a member makes through payroll deduction are tax-deferred. You must deduct (withhold) contributions from the employees gross pay. Employers must not withhold these contributions for employees without a service purchase contract.

NOTE: If the notation "Personal Additional" appears on the report, you must check the employee's service purchase contract and make the correction to the payroll report to identify the type of service being purchased.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

HELENA, MONTANA 59620-0131

XX1000 EMPLOYER - SOMEWHERE MONTANA **FOR 04/2001 PAGE: 1**

SSN	LAST NAME	FIRST NAME	MI	PT	SSNL
	EARNINGS	CONTRIBUTIONS	HOURS		HOURLY RATE
SERVICE PURCHASES: TYPE AND AMOUNT					
123-45-6789	ADAMS	MARIE	J	N	P
	423.62	29.23	59		7.18
987-65-4321	BOOTH	RUBY	M	Y	P
	220.00	15.18	40		5.50
456-78-9321	BRAUN	MARY	G	N	P
	1,135.40	78.34	140		8.11
000-01-0000	BROWN	SAMANTHA		N	P
	1,539.20	106.20	160		9.62
804-56-8888	CARLSEN	CARL	C	N	P
	951.42	65.65	101		9.42
905-55-6666	CROSSMAN	CAROLE	M	N	P
	895.87	61.82	101		8.87
REFUND		42.23			
704-44-5555	DONAHUE	PHILLIP	J	N	P
	556.10	38.38	83		6.70
603-33-222	FORSEMAN	MAXINE	P	N	P
	2,812.80	194.08	160		17.58
1 FOR 5		41.59			
508-88-9999	FORESTER	WILLIAM	B	N	P
	1,782.00	122.96	162		11.00
407-77-1234	FREEZE	THERESA	O	Y	P
	371.07	25.60	57		6.51

FIGURE 1
Payroll Report - Main Body Section

NOTE: PLEASE MAKE ALL CHANGES IN RED

Section Two: New Members

Requirements for the New Members section are similar to those for the main body and require the same information.

You must initially report new members in the New Members section. The New Members section will always be a separate page. The turn-around report should list all current employees, but if an employee is not listed, report that employee as a new member. Please **do not** place information concerning a new member in the main body of the report. Requirements for the New Members section are similar to those for the main body and require the same information. An entry for a new member may contain three lines of information. The first two lines contain information about the new member and employment; each item in both lines requires an entry. If the new member does not have a middle initial, leave that item blank. You must complete the third line if the new member is making a service purchase. New members very rarely start a service purchase upon being hired.

Figure 2 following these instructions is an example of a New Members page. All items are the same as those required for the Main Body. Refer to the Main Body section for an explanation of each item. Please **double check the SSN** with the member to ensure it is correct and matches the number on the membership card.

For each new member, you must provide the following information.

First line:

SSN - LAST NAME - FIRST NAME - MI - HIRE DATE - PT - SSNL

Second line:

EARNINGS - CONTRIBUTIONS - HOURS - HOURLY RATE

Third line:

SERVICE PURCHASES: TYPE AND AMOUNT

You must include a membership card with the payroll report for each person listed in the New Members Section.

You must include a membership card with the payroll report for each person listed in the New Members section. The member's names are input from the report and the MPERA will request missing membership cards in a quarterly report to the employer. When you receive your next payroll report, it will list the new member's name in the main body of the report.

NOTE: Working retirees in PERS are not considered new members and should not complete a membership card. (See Part II, chapter I PERS, Section 7 Working Retirees)

The completed membership card ***must*** *accompany the payroll report on which the member is first reported.*

NOTE: Each new member must complete a membership card for the correct retirement system. Both the front and the back of the card must be completed. Someone other than a designated beneficiary must witness the member's signature. **The completed card must accompany the payroll report on which the member is first reported**. For more information about membership cards, refer to the Membership Cards section under the specific retirement system chapter in Part II.

01 XX1000 EMPLOYER—SOMEWHERE MONTANA				FOR 04/2000 PAGE:			2
		NEW MEMBERS					
SSN	LAST NAME	FIRST NAME	MI	HIRE DATE	PT	SSNL	
	EARNINGS	CONTRIBUTIONS	HOURS		HOURLY RATE		
SERVICE PURCHASES: TYPE AND AMOUNT							

Figure 2
Payroll Report - New Member Section

Section Three: Total Page

The Total Page is a summary of your employee count, earnings, contributions, hours and additional service purchase contributions.

The "Total" Page is a summary of your employee count, earnings, contributions, hours and additional service purchases contributions. The first five items represent the data you submitted for the previous month. You must complete the remaining items for the month being reported. Each item requires an entry and the following paragraphs explain the entries. Figure 3 following these instructions is an example of a Total Page.

- **EMPLOYEE COUNT** is the total number of members reflected in this report, including any new or terminated members. Also, include any member with zero earnings or contributions.
- **EARNINGS** are total earnings paid to all members.
- **HOURS** are the total hours reported for all members on the report.
- **EMPLOYEE CONTRIBUTIONS WITHHELD** are the *total contributions withheld from all members.* The rate is dependent upon the retirement system to which the member belongs. (Figure 3 is an example for PERS.) To verify roughly that withholding is correct, multiply the earnings times the contribution rate. This method is not exact and may be a little off due to rounding. **(Compute and withhold the contributions from the members' salaries before computing social security, and federal and state taxes.)**
- **SERVICE PURCHASES CONTRIBUTIONS WITHHELD** are the total contributions withheld during the reporting month for all members who are purchasing service. **(Compute and withhold the service purchases contributions from the members' salaries before computing social security, and federal and state taxes.)**
- **EMPLOYER CONTRIBUTIONS** are the product of the total earnings times the current contribution rate for the employer. The contribution rate is dependent upon the retirement system. (Figure 3 is an example for the PERS.)
- **PENALTY** is any penalty charged for previous late reports.
- **TOTAL DUE** equals the Total of EMPLOYEE CONTRIBUTIONS, SERVICE PURCHASE CONTRIBUTIONS, and EMPLOYER CONTRIBUTIONS WITHHELD, and any PENALTY. TOTAL DUE must equal the amount remitted to the MPERA.

To verify roughly that withholding is correct, multiply the earnings times the contribution rate.

The last item will be the signature and phone number of the person preparing the report. You **must** provide this information.

01 XX1000 EMPLOYER - SOMEWHERE MONTANA   for 04/2001 PAGE 3

IMPORTANT MESSAGE(S) TO EMPLOYERS FROM MPERA

****

THIS MONTH PAYROLL REPORT TOTALS

EMPLOYEE COUNT:	EMPLOYEE CONTRIBUTIONS WITHHELD: RATE = 6.90000%
EARNINGS:	SERVICE PURCHASES CONTRIBUTIONS WITHHELD:
HOURS:	EMPLOYER CONTRIBUTIONS: RATE = 6.80000%
	PENALTY:
	TOTAL DUE:

SIGNATURE OF OFFICIAL PREPARING FORM   PHONE NUMBER

****

MPERA USE ONLY

REMITTED $

Note: The employer rate used in this example is for PERS and is for local governments and school districts at an employer contribution rate of 6.8%. The PERS employer contribution rate is 6.9%, however, the State contributes 0.1% of the 6.9% for local governments and school districts. Central payroll agencies and the Universities employer contribution rate is 6.9%. Refer to other systems for their employee and employer rates.

Figure 3
Payroll Report - Total Page
Note: Contributions Rates Vary with Retirement Systems

Reporting Errors

Notify the MPERA immediately if you omitted a member from the last payroll report you sent to the MPERA.

The MPERA will review your monthly report when we receive it. If we find any problems, we will call you to resolve the problems, before entering the report into the database.

Notify the MPERA immediately if you omitted a member from the last payroll report you sent to the MPERA. You may correct the omission by sending a memo to the MPERA listing: the member's name and social security number, wages, hours, and contributions; and date of the report. Send the member's and employer's contributions with the memo. You may send the memo with the current payroll report.

If a member was omitted before your last report, send a memo to the MPERA explaining the details of the error. Include the member's name, social security number, and a monthly breakdown of the earnings, contributions, and hours worked. The MPERA will calculate the contributions due and bill the employer for the member and employer shares due.

To correct a payroll report when a member's earnings, contributions, or hours were wrong, send a memo including the following: the date of each report that had errors; the previously reported wages, contribution, and hours; and the corrected totals. If any member and employer contributions are due, they must accompany the memo. The procedure for any under or over payments is described in the following paragraphs.

Over/Under Payments

The MPERA will notify you if your payments are incorrect, and set up an over or under payment account for you.

A payment more than the total due is an over payment. A payment that is less than the total due is an under payment. The MPERA will notify you if your payments are incorrect, and set up an over or under payment account for you.

The MPERA only issues credit for an over payment, but you may apply the credit against your next balance due. **The MPERA does not refund contributions to an agency making an overpayment.**

NOTE: Remit any under payments, or use any credits with your next payroll report.

Electronic Reporting

Introduction

Since 1974, employers reporting payroll information to the MPERA have had the option of reporting electronically.

Any employers not currently reporting through a direct input medium (Electronic) are encouraged to investigate the possibility of doing so. Contact the Montana Public Employee Retirement Administration, (406) 444-3154, for full details. If you have specific questions about electronic reporting contact Mary Popp or Roxanne Minnehan at this same phone number.

This chapter describes the format, data input requirements, edit criteria, and specifications for transfer media.

Data Input Formats

You will use three different record types to format data in a payroll report file. Every report requires all three types. A payroll report file is needed for each retirement system for which contributions are withheld and reported. *(See Table 1 in this chapter for specific format.)*

Record Type 1: Employer header and total record
Record Type 2: Member general information record
Record Type 3: Member earnings, member contributions, and service purchase payment record

Type 1 Include one Type 1 record in each file. A type 1 record contains data about the employer and the following information: total members, earnings, hours, contributions, and service purchase contributions. This record must cover the entire reporting period. Each field requires an entry.

Type 2 Include one Type 2 record for each member being reported to the MPERA. A type two record contains general data about each member being reported. For reporting each member, all fields require an entry. See Table 1 at the end of this chapter.

Type 3. Every type two record requires a type three record to report earnings, contributions, and service purchase payments. All fields require an entry except the SERVICE PURCHASE AMOUNT and TYPE fields. Use the SERVICE PURCHASE AMOUNT and TYPE fields only if the member is purchasing service.

NOTE: Unless otherwise specified, all fields in each record type must contain characters.

Transactions File Format

Table 1, on the next page, describes the specific data format for each record type. The table lists the following items for each record type:

- Data name.
- Whether the data is alphanumeric or numeric.
- Field length.
- Position number of the first character in the fields.
- Any edit criteria associated with the field.

NOTE: The MPERA definition of alphanumeric versus numeric: Alphanumeric (A/N) fields are left justified within a field and contain alphabetic or number characters, or spaces. Numeric (N) fields are right justified within a field and contain only the digits 0-9. Numeric fields cannot contain spaces. For example, to enter seven in a two-digit numeric field, you must enter "07" not "7".

Computer–Generated Report

Agencies who report by electronic file transfer or a diskette must also send a computer-generated copy of the report to the MPERA. Review this report to ensure that:

- All information required on the payroll report identified in the last section is included.
- The report is correct and complete.
- The computer-generated report agrees with the diskette or electronic file.
- The report is signed and dated.

Appendix 1
Table 1 - Transactions File Format

FIELD DESCRIPTION	TYPE	SIZE	POS
Record Type 1			
RECORD TYPE - always "1" Must be the first record in the file	A/N	1	1
RETIREMENT SYSTEM NUMBER	N	2	2
EMPLOYER TYPE - see Table 2 in Appendix 1	A/N	2	4
EMPLOYER IDENTIFICATION NUMBER - Assigned by MPERA	N	4	6
PAYROLL REPORT PERIOD (YYYYMM)	N	6	10
COUNT OF MEMBERS REPORTED - No decimal,	N	5	16
TOTAL EARNINGS REPORTED - Implied decimal,	N	9	21
TOTAL HOURS REPORTED - Implied decimal,	N	9	30
TOTAL MEMBER CONTRIBUTIONS REPORTED - Implied decimal,	N	9	39
TOTAL MEMBER SERVICE PURCHASE CONTRIBUTIONS REPORTED Implied decimal,	N	9	48
TOTAL EMPLOYER CONTRIBUTIONS REPORTED - Implied decimal,	N	9	57
TOTAL MEMBERSHIP FEE REPORTED—(*Field not used after 12/99.)* Implied decimal,	N	7	66
TOTAL PENALTY REPORTED - Implied decimal,	N	7	73

Table 1 - Continued

FIELD DESCRIPTION	TYPE	SIZE	POS
Record Type 2			
RECORD TYPE - always “2”	A/N	1	1
MEMBER SOCIAL SECURITY NUMBER	N	9	2
MEMBER LAST NAME	A/N	22	11
MEMBER FIRST NAME	A/N	17	33
MEMBER MIDDLE NAME INITIAL	A/N	1	50
HOURS - Implied decimal, 5 positions before and 2 after the decimal	N	7	51
HOURLY RATE - Implied decimal, 5 positions before and 2 after the decimal	N	7	58
HIRE DATE (YYYYMMDD) -	N	8	65
TERMINATION INDICATOR - Y - Yes N - No	A/N	1	73
PART TIME INDICATOR - N - no *(Full time - greater than or = to 160 hrs per mo./12 mo. per year.)* Y - yes *(Part time - less than 160 hrs per mo. /12 mo. per year.)*	A/N	1	74
SEASONAL INDICATOR - P - Permanent (Use your agency=s definition) S - Seasonal (Use your agency=s definition) T - temporary (Use your agency=s definition)	A/N	1	75

Table 1 - Continued

FIELD DESCRIPTION	TYPE	SIZE	POS
Record Type 3			
RECORD TYPE - always “3”	A/N	1	1
EARNINGS FOR PERIOD - Implied decimal, 7 positions before and 2 after the decimal	N	9	2
MEMBER CONTRIBUTION - Implied decimal, 5 positions before and 2 after the decimal	N	7	11
MEMBER ADDITIONAL CONTRIBUTION - (*Field not used after 4/93,)* Implied decimal— (***Zero Fill this Field***) 5 positions before and 2 after the decimal	N	7	18
SERVICE PURCHASE TYPE - 1 See Table 3 in Appendix 1	N	3	25
SERVICE PURCHASE AMOUNT - 1 Implied decimal, 5 positions before and 2 after the decimal	N	7	28
SERVICE PURCHASE TYPE - 2 See Table 3 in Appendix 1	N	3	35
SERVICE PURCHASE AMOUNT - 2 Implied decimal, 5 positions before and 2 after the decimal	N	7	38
SERVICE PURCHASE TYPE -3 See table 3 in Appendix 1	N	3	45
SERVICE PURCHASE AMOUNT - 3 Implied decimal, 5 positions before and 2 after the decimal	N	7	48
SERVICE PURCHASE TYPE - 4 See Table 3 in Appendix 1	N	3	55
SERVICE PURCHASE AMOUNT - 4 Implied decimal, 5 positions before and 2 after the decimal	N	7	58
SERVICE PURCHASE TYPE - 5 See table 3 in Appendix 1	N	3	65
SERVICE PURCHASE AMOUNT - 5 Implied decimal, 5 positions before and 2 after the decimal	N	7	68

Transfer Medium Specifications

You must have access to the state's main-frame to use this medium.

The MPERA can accept and decode data files from different types of transfer media. You may use one of the following media types to transfer a file: (1) a personal computer diskette (2) by electronic file transfer across the state's mainframe computer network. The following paragraphs describe requirements for each type of medium.

1. **DISKETTE**
   A. 3-inch, double sided, high density
   B. Fixed record length of 80 bytes
   C. External label
      1) Sender: agency name, employer number, and phone number
      2) Description: MPERA payroll - month and year

2. **FILE TRANSFER**

   Some employers electronically transfer their payroll data directly to the MPERA. Employers may send the files via the state's data network to the Department of Administration's mainframe computer. You must have access to the state's mainframe to use this medium. If you want to pursue electronic file transfer, please contact the MPERA. We will arrange for the Information Services Division to investigate the feasibility and cost of file transfer from your location.

NOTE: Agencies who report by electronic file transfer must also send a computer-generated copy of the report to the MPERA. Computer-generated hard copy reports should be as close as possible to the format of the paper reports (Turn-around document provided by the MPERA.)

Appendix 1
Table 2 - Employer Types

CODE	EMPLOYER TYPE	CODE	EMPLOYER TYPE
CI	City	JR**	Judges
CO	County	OA	Other Agency
CP	Central Payroll	PG*	Municipal Police
FG*	Firefighters Unified	PM**	Municipal Police
FU**	Firefighters Unified	PN***	Municipal Police
GW	Game Wardens and Peace Officers	PO****	Municipal Police
HG*	Highway Patrol Officers	PP*	Part-Paid Firefighters
HP**	Highway Patrol Officers	GP**	Part-Paid Firefighters
HS	High School	SD	School District
JG*	Judges	SR	Sheriffs
		UN	University

<u>Notes</u>:

FG* Firefighters hired after June 30, 1997 and those who selected the GABA.
FU** Firefighters hired before June 30, 1997 and did not select the GABA.
HG* Highway patrol officers hired after June 30, 1997 and those who selected the GABA.
HP** Highway patrol officers hired before June 30, 1997 and did not select the GABA.
JG* Judges hired after June 30, 1997 and those who selected the GABA.
JR** Judges hired before June 30, 1997 and did not select the GABA.
PG* Municipal police officers hired after June 30, 1997 and those who selected the GABA.
PM** Municipal police officers hired on or after July 1, 1975 and before July 1, 1979, and who did not select the GABA.
PN*** Municipal police officers hired after June 30, 1979 and before June 30, 1997 who did not select the GABA..
PO**** Municipal police officers hired before July 1, 1975 who did not select the GABA.
PP* Part-paid firefighters hired before June 30, 1997 and did not select the GABA.
GP** Part-paid firefighters hired after June 30, 1997 and those who selected the GABA.

Appendix 1

Table 3 - Coding for Additional (Service Purchase) Contributions

Code	Type Service Purchase	Code	Type Service Purchase
025	Refund	**045**	Industrial Accident
026	Military	**046**	Retro Coordination
040	1-for-5	**047**	Refund Coordination
041	Retroactive	**048**	Active Account Coordination
042	Other Public Service	**049**	TRD on Account Coordination
043	Elected Official	**050**	TRD Refund Coordination
044	Legislator		

Some service purchases may not be available to all retirement systems. Each specific retirement system chapter provides general information about which service purchases are available in that system.

NOTE: Computer-generated hard copy reports should be as close as possible to the format of the paper reports. (Turn-around document provided by the MPERA.)

General Information

A member who **ends covered employment**, other than by death or retirement, is eligible for a refund of accumulated contributions. When the member terminates employment, the MPERA **does not** automatically refund the member's account; the member must request a refund. A refund will include all accumulated contributions (contributions and interest) in the account, since the law does not allow partial refunds. Upon receiving a refund, the person is no longer a member and forfeits any future benefit from the retirement system. The payroll clerk must provide the employee with a refund application for completion. The employee must be reported on a payroll report as terminated before the MPERA can process a refund.

NOTE: Members who are not vested (less than five years of membership service) at the time they terminate <u>and</u> have less than $200 in accumulated contributions, must receive a lump sum refund. If a non-vested member has $200 to $5,000 in accumulated contributions they must receive a lump sum refund of accumulated contributions unless a written application to have the eligible contributions rolled over to a qualified retirement plan is completed. (See the next page for information on the *Direct Roll-over.)*

To process the refund, the MPERA will need six to eight weeks from when the member receives the final paycheck. Any errors in the payroll report or the application will delay the refund process.

Employer contributions are never refunded to a member.

If a member does not have a **current** membership card on file, the MPERA will not process the refund.

The MPERA processes refund applications each week. Two requirements must be met before a refund will be processed. **First, the MPERA must receive the payroll report which shows the member terminated. Second, the MPERA must credit the member's final contributions to the member's account**. To process the refund, the MPERA will need **six to eight weeks** from when the member receives the final paycheck. Any errors in the payroll report or the application will delay the process. If the member accepts a position covered by the same retirement system during the refund process, the MPERA will cancel the refund. A member must have a minimum break in covered employment of 30 days to receive the refund.

When a member terminates, the employer must withhold contributions from **all** compensation paid to the member. Except in MPORS and FURS, compensation includes payout of vacation and sick leave. Though the member may be applying for a refund, the contributions must still be withheld. If the employer does not withhold the contributions, the MPERA will not process the refund.

Refund Application Process

A member may request a refund by completing an application form. The title of the form is *Lump-sum Withdrawal of Contributions Application.* Employers will provide the form to their employees and the MPERA will supply the forms to employers. The member and employer must complete sections of the form. After the member completes their sections of the form, the **employer** must send the form to the MPERA. The form should accompany the payroll report that shows the member terminated.

A member must choose one of two options to withdraw money from a retirement account. The following paragraphs describe the two options.

The member may request a direct payment of the refund or a direct roll-over to an IRA or a qualified plan.

1. *Refund Paid to the Member.* A member may elect to receive direct payment of the refund. Under this option, the MPERA must withhold 20% of the tax-deferred contribution and interest for federal tax purposes. Depending on the member's tax status, the IRS may require the member to pay a 10% penalty for early withdrawal. The penalty is paid when the member files their taxes.

2. *Direct Roll-Over.* This option avoids mandatory withholding for federal taxes on the untaxed portion, and any penalty for early withdrawal. The MPERA will deposit the tax-deferred contributions and interest directly into an IRA or any other qualified plan the member selects. By IRS rules, the MPERA must refund any previously taxed contributions directly to the member.

Employers must ensure that each member requesting a refund receives a copy of the *Special Tax Notice Regarding Plan Payments.* The MPERA attaches this special tax notice to the refund applications before sending them to the employers. A sample refund application form (special tax notice not included) and guidance for completing it, are at the end of this chapter.

Reduction in Force (RIF)

A member whose covered employment is ended due to a reduction in force (RIF) is eligible for a refund. The member may, but **is not required** to, request a refund of the member's retirement account. If the member wants a refund, the member must apply by completing the form for a refund. Processing of the refund will not begin before the member terminates and the MPERA receives the final contributions. Other than the reason for terminating, the refund method will be the same as stated on the previous page.

Seasonal & School District Employees

A seasonal or school district employee refers to an employee who does not work the entire year. These employees **may not** receive a refund at the end of each season or school year. If these employees end covered employment, they may leave their contributions in their account or take a refund. Ending employment or terminating means the employee has no intention of returning to work for the next season or school year. The payroll report must show the employee terminated, and the employee must receive a payout of vacation and sick leave. Seasonal and school district employees must meet all requirements for terminating before requesting a refund. The procedures for requesting a refund are the same as stated on the previous page.

Inactive Members

Members who have been **inactive for three or more months** should contact the MPERA, not the employer, to request a refund. The MPERA will supply inactive members with the form and guidance for completing the form. A different form is normally used for inactive members, but they may use forms supplied by a former employer. If the former employer supplies the form, the employer does not need to complete the first part. Either the inactive member or the employer may send the form to the MPERA.

Additional Service Purchase Contributions

Members may make additional contributions for service purchases through tax-deferred payroll deductions, only to purchase service. These payments are placed in a separate contribution account until the service purchase contract is complete. When the purchase is complete, the contributions are combined with the regular contributions. **When a member receives a refund,** the MPERA will also refund the additional service purchase contributions the member has made.

NOTE: A member must complete the *Payroll Authorization Deduction* form to initiate a service purchase contract before the employer can make tax-deferred payroll deductions. (A sample of this form and instructions for completing it are in the Part II Service Purchases section for each retirement system.)

Refund Application Instructions

A sample form, Figure 4, follows these instructions.

The employer should complete their section of the *Lump-sum Withdrawal of Contributions Application* before giving it to the employee. A sample form, Figure 4, follows these instructions. The instructions below provide information for completing the form.

Member Information:

1. **MEMBER'S NAME** - is the member's last and first names, and middle initial. Include any other names the member may have had or used. *Note: other names include any last name other than the last name currently used by the member. (e.g., a birth name)*
2. **SOCIAL SECURITY NUMBER** - is the member's social security number.
3. **MAILING ADDRESS** - is member's current home mailing address.
4. **HOME PHONE NUMBER AND WORK NUMBER** - is member's home and work phone numbers.

To Be Completed by Employing Agency:

1. **TERMINATION DATE** - is the date the member ended or terminated employment.
2. **RETIREMENT SYSTEM** - is the system to which the member makes contributions [i.e., Public Employees' Retirement System (PERS), Sheriffs' Retirement System (SRS), Highway Patrol Officers' Retirement System (HPORS).]

5. **AGENCY** - is the employer or agency from which the employee is ending employment or terminating.
6. **AGENCY #** - is the employer type and identification number assigned to employers by the MPERA. For Central Payroll employers, it will be the same as the agency's Central Payroll number. (e. g., CP6101)
7. **FINAL PAYMENT DATE** - is the date (month and year) of the payroll report which will cite the member's final pay and contributions.
8. **AUTHORIZED OFFICER** - must be the printed name and signature of the authorized personnel officer, official **Title**, **Phone Number**, and **Date** of signature.

The MPERA will pay all contributions and interest in one lump-sum directly to the member.

If the member selects Direct Rollover, then the Type of eligible retirement plan for Direct Rollover must be completed.

Federal law requires that the spouse must sign and date the refund application.

To be Completed by Employee:

The member must select **one** option for withdrawal by completing the bottom section of the first page of the *Lump-sum Withdrawal of Contributions Application*. To select an option, the member must place an "X" by either ***Refund Paid to You*** or ***Direct Rollover.*** Do not submit the form if both option boxes are completed; the MPERA will not know which option the member chose. The options are explained below:

Refund Paid to You: ***The MPERA pays the refund directly to the member***. The MPERA will pay all contributions and interest in one lump-sum directly to the member. IRS rules **require 20% withholding** of any taxable amount for federal taxes. When the member pays taxes, the **IRS may assess a 10% penalty** for early withdrawal.

Direct Rollover: ***A direct roll-over of the tax-deferred contributions and all interest***. Tax deferred contributions and interest may be transferred directly into another eligible retirement plan that will accept it. Any previously taxed contributions will be paid directly to the member. IRS rules do not require withholding or a penalty on previously taxed contributions the MPERA refunds to the member.

If the member selects a **Direct Rollover**, then the ***Type of eligible retirement plan for Direct Rollover*** must be completed. **One** of the eligible retirement plans listed at the bottom of the form must be selected. The member must place an "X" beside the eligible retirement they have selected. It is the member's responsibility to ensure the financial institution will accept a roll-over from a 401(a) Plan.

To receive a refund or initiate a direct rollover, the member and member's spouse, if applicable must complete the following:
MEMBER'S SIGNATURE - Member's signature and date.

NOTARY - signature and seal are required for the member's signature.

SPOUSE'S SIGNATURE AND DATE - required if the member is married. Federal law requires that the spouse must sign and date the refund application.
NOTARY - signature and seal are required for the spouse's signature.

Once the form is completed and returned to the employer, the form must be sent to the MPERA with the payroll report which lists the member's final pay.

To Be Completed by Eligible Retirement Plan Contact:

If the member has selected a direct rollover, the bottom part of the form must completed. The financial institution or plan administrator to receive the rollover must certify that the request complies with the applicable plan provisions and federal law. An "X" must be placed by the Plan Type:

Make Check Payable to - is the name of financial institution sponsoring the qualified plan or IRA.

Account Number - is the financial institution's account number.

Mail Check to - is the financial institution's mailing address (include PO box or street address, city, state, and zip.)

Financial Institution or Plan Administrator - is the person to contact at the financial institution sponsoring the qualified plan or IRA. The name of the person must be printed or typed, the phone number for the contact provided, and the signature of the contact.

Once the form is completed and returned to the employer, the form must be sent to the MPERA with the payroll report which lists the member's final pay.

NOTE: Ensure the member provides all needed information. An incomplete application will delay processing the refund.

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION (MPERA)
100 North Park Avenue, Suite 220 ~ PO BOX 200131
HELENA MT 59620-0131
(406) 444-3154 or (877) 275-7372

Lump-sum Withdrawal of Contributions Application

Member Information:

____ ________________

Last Name First Name MI Other Last Names Social Security Number

____ (______)_______________

Mailing Address Home Phone Number

____ (______)_______________

City State ZIP Work Number

To Be Completed by Employing Agency:

______________ _________________________ _______________________ _______

Termination Date Retirement System Agency Agency #

I will report, or reported, the final information about this employee on the payroll report to MPERA for the month of ___________________________, _______.

I certify the above employee terminated employment with this agency and will not be reemployed by this agency for 30 days and, to the best of my knowledge, is not employed by any other agency covered by this retirement system. ***The final payment included all accumulated sick and annual leave and any severance pay.***

Authorized Officer (please print): ________________________________

_______________________________________ __________________________ __________

Title Phone Number Signature Date

To Be Completed by Employee:

MPERA must receive the payroll reporting your termination prior to processing the refund. **This normally takes up to eight weeks after you receive your final paycheck.** Read carefully, incomplete applications will be returned, causing processing delays.

Options for Withdrawal

The rules governing withdrawals from a 401(a) plan are complex; please read the attached tax notice and consult a tax professional prior to deciding on a withdrawal option. You have two options; indicate which option you are choosing by placing an **X** on the corresponding line:

_____ ***Refund Paid to You.*** All contributions and interest are paid directly to you. **We are required to withhold 20% of any taxable amount for federal taxes.** When you pay your taxes, you may be required to pay a 10% penalty for early withdrawal.

_____ ***Direct Rollover***. Tax deferred contributions and interest may be transferred directly into another eligible retirement plan that will accept it. You will not be required to pay federal and state taxes or a penalty on the taxable portion of your refund. **Any previously taxed contributions will be paid directly to you.**

Type of eligible retirement plan for Direct Rollover:

___ Traditional IRA 408(a) or (b) (not ROTH, SIMPLE, or Coverdell Education IRAs)

___ 401(a) ___ 401(k) ___ 403 (a) ___ 403(b) ___457(b)

Figure 4—Lump-sum Withdrawal of Contributions Application (Page 1)

I have checked with the administrator of the eligible retirement plan or IRA to determine if it accepts rollovers from my current 401(a) plan.

I certify that I am terminating my employment with this agency. I am neither employed nor will I be employed by this or any agency covered by this retirement system for at least 30 days. I understand that my membership ceases upon withdrawal of contributions and I will not be entitled to any benefits provided by the system.

I have received, read, understand and agree to the withdrawal process and the IRS special tax notice regarding this withdrawal. **(Seal)**

____________________________ ___________ ________________________ ________
Member's Signature Date Notary Public's Signature Date

Notary Public for the State of ______________________

Residing at ____________________________________

My Commission Expires__________________________

The MPERA will mail an IRS (1099R) tax form. You **MUST** retain this information for your State and Federal tax records. You **WILL NOT** receive another 1099R form at year-end.

Spousal Consent – If no spouse write "None".
I consent to the withdrawal option from the MPERA administered retirement system and waive any right to survivor benefits. **(Seal)**

____________________________ ___________ ________________________ ________
Spouse's Signature Date Notary Public's Signature Date

Notary Public's Signature_________________________

Notary Public for the State of ______________________

Residing at ____________________________________

My Commission Expires__________________________

To Be Completed by Eligible Retirement Plan Contact:
I certify that this request complies with applicable plan provisions and federal law.

Plan Type: ___ 401(a) ___ 401(k) ___ 403 (a) ___ 403(b) ___457(b) ___IRA 408(a) or (b)

Make Check Payable to:____

Account Number: ______________________

Mail Check to____

____ ______ ______________
City State ZIP

____ (_________)____________
Financial Institution or Plan Administrator Contact **(please print)** Phone Number

____
Financial Institution or Plan Administrator Contact Signature

Figure 4—Lump-sum Withdrawal of Contributions Application (Page 2)

General Information

Retirement benefits are available to employees of the state and political subdivisions. Retirement coverage is mandatory for all state and university employees and for some political subdivisions. Other political subdivisions may contract with the MPERA to provide retirement for their employees. Current law provides for nine retirement systems or plans including the Volunteer Firefighters' Compensation Act. The MPERA manages eight of the systems, and the ninth, the Teachers' Retirement System, is managed separately.

The four types of retirement are: service, early, involuntary and disability.

All systems have at least one type of retirement and some have as many as four. The four types of retirement are: service, early, involuntary and disability. In some systems, four options are available for each type of retirement. All systems provide some type of death benefit for the member's beneficiaries. Eligibility also varies with each system, which adds more confusion to retirement issues. Members who want more information about retirement should contact the MPERA.

Estimates of Benefits

A member who plans to retire should ask the MPERA for an estimate of the member's retirement benefits. Retirement law is very complex and estimates calculated by anyone outside the MPERA may not be right. A member should ask for estimates three to six months before the planned retirement date. For example, a member planning to retire on July 1 should make the request between January and March. To avoid any delay of the first benefit payment, a member must ask for an estimate **at least** one month before the retirement date. The factors used in an estimate change with time, and the estimate may not be right after six months. Whenever members request estimates, the MPERA will do them, even requests more than six months in advance. For estimates more than six months in advance, the MPERA will tell members that the estimate may not be accurate.

A member should ask for estimates three to six months before the planned retirement date.

A request for an estimate of benefits must be in writing and include:

1. Member's full name
2. Social security number
3. Mailing address
4. Date of birth
5. Beneficiary's name
6. Beneficiary's birth date
7. Planned date of retirement

To do an estimate, the MPERA will use data on file and the date the member plans to retire. The MPERA will do an estimate for each type of monthly benefit available in the member's system. Once completed, the MPERA will mail the estimates with a two-part form titled *Important Information Regarding Retirement*. Prospective retirees should carefully read the form because it provides important details about retirement. Each member must sign the form before returning it to the MPERA. Members must also tell the MPERA if taxes or insurance premiums are to be withheld. After completing the form, part one must be sent to the MPERA, and the member should keep part two as a reference. Based on the member's choices, the MPERA will send a retirement application and any other forms the member will need. To insure the first benefit is paid on time, the member should complete and return the forms without delay.

Certification of Final Salary

After receiving a completed application, the MPERA will send the employer a *Certification of Final Salary* form. Employers must verify the final salary; this data is used in computing the member's retirement benefit. Employers must complete and return the form to the MPERA within 30 days after the member terminated employment, or within 30 days of receipt of the form (if the member terminated at an earlier date). A retiree may initially receive a benefit based on the estimate of the monthly benefit but for no more than three months. If the final salary details are late, the retiree's estimated benefit may end before the regular benefit begins.

The final salary form must contain details through the last day of the member's employment. A member's last day of "work" may not be the last day of "employment" For example, if a member worked until March 10 and used vacation or sick leave until March 31, then the last day of employment is March 31. The employer must certify the number of hours of regular, overtime, vacation, and sick leave. Total hours must match total payment for the reported period. (In other words, the total hours times the rate must equal the total payment.)

> *A member's last day of "work" may not be the last day of "employment."*

Each retirement system has its own definition of final salary or compensation. Because of the differences, each system needs a separate *Certification of Final Salary* form. The Final Salary Section of each retirement system chapter contains a sample *Certification of Final Salary* form and instructions for that specific system. Questions about this form should be referred to the MPERA.

Medical Insurance

A retired public employee may be eligible to continue coverage under the former employer's group health insurance plan. Using the appropriate form, retirees may ask the MPERA to deduct the monthly premium from their monthly benefit. Figure 5 at the end of this chapter is an example of the form retirees must use to allow the MPERA to deduct the premiums. The MPERA will deduct the premiums and remit the premiums to the employer. The former employer must send all details about the health plan to the MPERA, **with** the deduction form. Employers must also send any rate changes to the MPERA.

Non-Central payroll agencies are responsible for notifying the MPERA if the premiums change.

The MPERA does not monitor the rates of any insurance plan but offers withholding as a service to retirees. MPERA will refer all retirees with questions about coverage to the former employer. Non-Central Payroll agencies are responsible for notifying the MPERA if the premiums change. When the premiums change, copy the *Monthly Insurance Premium Withholding List* the MPERA sent you for the previous month and note the rate changes as follows:

1. Draw a line through the current monthly amount for each retiree's premium you are changing.
2. Clearly print the new amount **next** to the old amount.

If the change arrives by the 15th of the current month, the MPERA will change the deduction for the next month

Sign and date the computer printout and send it to the MPERA. If the change arrives by the 15th of the current month, the MPERA will change the deduction for the next month. Please **DO NOT** send changes to our office more than 30 days before the effective date. Figure 6 at the end of this chapter is a sample printout with examples of changes.

All non-Central Payroll agencies must obtain the deduction form, titled *Authorization for Deduction of Health Insurance Premiums*, from the MPERA. An example of the form (Figure 5) and instructions for completing the form are at the end of this chapter. Both the employer and the retiree must complete the form. If the form arrives by the 15th, the MPERA will deduct the premium from the next month's benefit. For example, to deduct the November premiums, the MPERA must receive the form before October 15. The retiree must pay the premiums directly to their former employer until the MPERA can deduct them from the monthly benefit.

The premium authorization form is **only for non-Central Payroll agencies**. Please refer to Figure 5 following these instructions. Both the retiree and the former employer must complete this form. The retiree must complete the top and the employer the bottom part.

NOTE: For Central Payroll agencies, the Personnel Division supplies the withholding form, titled *Retiree Premium Authorization*. Central Payroll agencies may request the form and instructions by contacting the Personnel Division at 406-444-3947 or -3886.

Completing the Premium Authorization Form

Retiree Section

1. Retiree or Recipient Name
2. Social Security Number
3. Date of Birth
4. Date of Retirement
5. Home Address
6. Signature and Date - the retiree **must sign** and date the form

Employer Section

7. Certifying Official
8. Agency Name & Number
9. Group Insurance Plan Name
10. Policy Number
11. Monthly Premium Amount (The net benefit after deducting the insurance premium must be at least $5.00. If the monthly benefit is less than $5.00, the retiree must pay the monthly premium directly to the employer.)
12. Insurance checks made payable to: Check the appropriate box
13. Last month the retiree must pay the premium to the employer
14. Signature of Certifying Official
15. Date Signed
16. Phone # of Certifying Official
17. E-mail address of Certifying Official (if applicable)

Income Tax Withholding

The MPERA offers the withholding service to retirees but only at the retiree's request.

Most retirement benefits are subject to federal and state income tax. The IRS does not require withholding from a retiree's benefit but may require the retiree to pay quarterly estimated taxes. The MPERA offers the withholding service to retirees but only at the retiree's request. A retiree may change or cancel withholding anytime. Retirees must contact the MPERA to obtain the Withholding Certificate. **They should not use a W4 or W4P**. No taxes will be withheld until the MPERA receives a completed form. In January, the MPERA will send all retirees a distribution form (Federal Form 1099R) which is similar to a W2 form. The 1099R will list the gross benefits the retiree received during the calendar year, the taxable amount, and any taxes withheld. Retirees will need this information to file their income tax forms.

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION
PO BOX 200131
HELENA MT 59620-0131
1-877-275-7372

AUTHORIZATION FOR DEDUCTION OF HEALTH INSURANCE PREMIUMS

Monthly premiums must be paid in advance. No grace periods or exceptions are allowed. Withholdings may be started on the ***second or any subsequent*** benefit check. You are responsible for payment of premiums from retirement until the premiums are paid by deduction. Please contact your clerk to verify which months you must self-pay your insurance premiums.

Authorization forms and deduction changes must be channeled through your former agency.

TO BE COMPLETED BY THE RETIREE OR RECIPIENT *(Please Print)*

Retiree or Recipient Name ______________________________

Social Security Number ______________________________

Date of Birth ______________________________

Date of Retirement ______________________________

Home Address ______________________________

____

I authorize the deduction of monthly rates in effect for the coverage I have selected through the employing agency from my monthly retirement benefit. The deduction is to remain in effect until I cancel or change insurance coverage. I authorize future increases or decreases in the cost of the plan I have selected to be automatically deducted without further authorization from me.

______________________________ ______________
Signature of Retiree or Recipient *Date*

TO BE COMPLETED BY THE EMPLOYER *(Please Print)*

Certifying Official ______________________________

Agency Name & Number ______________________________

Group Insurance Name ______________________________

Policy Number ______________________________

Monthly Premium Amount $______________________________

Insurance checks made payable to: ☐ Agency ☐ Insurance Company (Please check one)

Premiums have been paid to employing agency for coverage through the month of______________

____
Signature of Certifying Official

____
Date

____
Phone #

____
E-mail address

MPERA USE ONLY:
*Retirement Number*__________________

*Carrier Code*__________________

*Plan Code*__________________

*Date Processed*__________________

Figure 5
Authorization for Deduction of Health Insurance Premiums

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PUBLIC EMPLOYEES= RETIREMENT ADMINISTRATION
MONTHLY INSURANCE PREMIUM WITHHOLDING LIST

RETIREMENT SYSTEM 01
AGENCY NUMBER 9999
CARRIER CODE 00
CARRIER NAME COMPANY NAME

AGENCY: COUNTY
ADDRESS LN1: PO DRAWER H
LN2: ATT.:
LN3:
CITY: SOMEWHERE
STATE: MT ZIP: 59000

		RET NBR	MEMBER/RECIPIENT NAME		SOC SEC NBR	MONTHLY PREMIUM
GROUP PLAN CODE:	001-01	R99999	LAST, FIRST MI.		000-00-0000	99.99
			NUMBER OF MEMBERS	1	**TOTAL PREMIUM**	99.99

		RET NBR	MEMBER/RECIPIENT NAME		SOC SEC NBR	MONTHLY PREMIUM
GROUP PLAN CODE:	001-02	R00001	FRANKLIN, BEN M.		001-02-0001	151.00
		R00002	JEFFERSON, TOM P		001-03-0002	200.01
		R00003	WASHINGTON, GEORGE.		001-04-0003	125.23
			NUMBER OF MEMBERS	3	**TOTAL PREMIUM**	476.24

		RET NBR	MEMBER/RECIPIENT NAME		SOC SEC NBR	MONTHLY PREMIUM
GROUP PLAN CODE:	001-03	R888888	SMITH, JANE B.		123-45-6789	52.00
		R987654	SMITH, JOHN A.		123-12-1234	78.95
			NUMBER OF MEMBERS	2	**TOTAL PREMIUM**	130.95

		RET NBR	MEMBER/RECIPIENT NAME		SOC SEC NBR	MONTHLY PREMIUM
GROUP PLAN CODE:	001-04	R11111	RESTEN, BEN A.		111-11-1111	154.23
			NUMBER OF MEMBERS	1	**TOTAL PREMIUM**	154.23

Figure 6
Monthly Insurance Premium Withholding List

Disability retirement benefits may be available to a member who becomes disabled. Disabled means the member cannot do the essential elements of the member's job even with reasonable accommodation. A disability may be either physical or mental, but must be permanent or of an extended and uncertain period. The disability does not need to be duty related, but it must occur while the member is in active service. All retirement systems administered by the MPERA have some type of disability benefit. Some systems have different benefits for duty and non duty related disability. Also, eligibility and the level of benefits vary from system to system.

Employers and members should refer any questions they have about disability to the MPERA.

A member who wants to apply for disability must contact the MPERA. The MPERA will send the member a packet that includes: an application, an estimate of benefits, an *Employers Job Questionnaire*, and other forms the member may need. Employers and members should refer any questions they have about disability to the MPERA. If the disability prevents the member from applying, another person or the employer may apply for the member.

One form included with the member's packet is the *Employers Job Questionnaire*. The member's immediate supervisor or personnel officer must complete and return this form directly to the MPERA. The employer must define the essential elements of the member's job and provide a position description. Employers must also explain any reasonable accommodations that were or can be made and their effectiveness. The Board must receive all requested material, including the questionnaire, before considering a request for disability retirement.

NOTE: Members are not required to terminate employment prior to applying for disability benefits but must terminate employment prior to receiving benefit payments.

Death of a Member

Refer any questions about death benefits to the MPERA.

Employers should contact the MPERA by phone at 406-444-3154 or toll free at 877-275-7372 upon the death of an active member. If possible, please provide the name and address of a family member, beneficiary, or agent the MPERA may contact about death benefits. Refer any questions about death benefits to the MPERA. If you know that a member of a retirement system has died, please contact the MPERA. Some beneficiaries do not know they should contact the MPERA, or that their benefactor was a member of a retirement system. The MPERA will greatly appreciate any notification of death you can provide.

ACCUMULATED CONTRIBUTIONS - are regular and additional service purchase contributions a member pays to a system and interest those contributions earn. Federal and state income taxes are deferred on all interest and some contributions. Employees who became members of a retirement system before 1985 have taxed regular contributions in their account.

ADDITIONAL SERVICE PURCHASE CONTRIBUTIONS - are contributions a member pays (in addition to regular contributions) to purchase various types of optional service credit as allowed by the retirement system. The member can initiate a service purchase contract to purchase service by tax-deferred payroll deduction. The service purchase contract cannot be terminated except by death or termination of employment. Additional service purchase contributions which are not payroll deductions are taxed. These contributions earn interest and the MPERA accounts for them separately. When the service purchase is complete, the member will receive credit for the service.

AGENCY - is an employer with positions covered by one of the public retirement systems. For state and some local government agencies, the law requires coverage, but all others must contract with the Board for coverage. This manual refers to employers with required or contracted coverage as covered agencies or employers.

AGENCY NUMBER - is an alphanumeric code (zz 9999) assigned by the MPERA to all agencies with retirement coverage.

BENEFICIARIES - must be natural persons, charitable organizations, or trusts for the benefit of natural living persons. A member designates beneficiaries on a membership card and may change beneficiaries by filing a new card with the MPERA. The beneficiary will receive any payment owed the member and any remaining amount in the member's account upon the member's death. A beneficiary eligible for a lump sum payment may exercise an option to receive the amount as an annuity; however, any benefit increases passed by the legislature will not increase the annuity. A contingent beneficiary is a beneficiary designated to receive any benefits if no living primary beneficiary exists. When a member of HPORS, MPORS, or FURS dies, designated beneficiaries receive death benefits only if the member has no surviving spouse or dependent children. See also contingent and primary beneficiary.

BENEFIT - is a monthly payment from a retirement system to a member or the monthly survivorship payment to a member's survivor.

BOARD - the Public Employees' Retirement Board or PERB.

COMPENSATION - is the pay an employee receives before deducting taxes or social security. Each of the eight public retirement systems has its own meaning for compensation.

CONTINGENT ANNUITANT - is the person a member designates to receive a continuing retirement benefit after the member dies. Contingent annuitants are designated under options 2-4 in PERS, JRS, GWPORS, and SRS. Initially, the retired member receives the benefit, then it continues to the contingent annuitant after the member's death. The duration and amount of the continuing benefit varies depending on the option the member selected. The contingent annuitant is not designated until the member selects a retirement option. Current law allows the member to change the contingent annuitant under very limited circumstances.

CONTINGENT BENEFICIARY - in PERS, JRS, SRS, and GWPORS, is a beneficiary who receives death benefits if no living primary beneficiaries exist. The member must designate the contingent beneficiaries. See also beneficiaries and primary beneficiary.

CONTRACTED SERVICES - is employment governed by a written agreement. Independent contractors may not receive coverage from a retirement system.

CONTRACTING EMPLOYER - is any political subdivision or government entity that contracts with the Board for retirement system coverage. Employers may only contract for coverage under the PERS. See also agency.

CONTRIBUTION - see accumulated, additional service purchase, or regular contributions.

CREDITED SERVICE or **SERVICE CREDIT** - are the periods a member serves in a covered position and pays the required contributions. The MPERA uses service credit to calculate retirement or survivorship benefits payable under a retirement system. See also membership service.

COVERED EMPLOYEE - is an employee of the state or a political subdivision in covered employment. Employment in the position requires the employee to become a member of a retirement system and pay contributions.

COVERED EMPLOYER - is the state government or a political subdivision participating in a retirement system to provide coverage for its employees. For state and some local government employers, the law requires coverage, but all others must contract with the Board for coverage. This manual refers to employers with required or contracted coverage as covered employers or agencies. See also agency.

COVERED EMPLOYMENT - is employment with the state or a political subdivision that requires the employee join a retirement system. This manual uses covered employment and covered position to mean the same thing.

DEPENDENT CHILD - is a minor or dependent child (as defined by specific statute) who is incapable of self-sustaining employment. For HPORS, MPORS, and FURS, a dependent child is an unmarried child of a deceased member, who is either:

1. Less than 18 years of age.
2. Less than 24 years of age, unmarried, and a full-time student attending an accredited institution for post secondary education in anticipation of receiving a certificate or degree.

DD 214 FORM - is a certificate of military service.

DISABILITY - is the member's total inability to do the essential elements of the member's job because of physical or mental incapacity. The member must become disabled while an active member, and the disability must be permanent or of extended and uncertain duration. The Board will determine disability based on competent medical opinion.

DISABILITY BENEFIT - is the monthly benefit paid to members who become disabled. Only the Board may determine a member's disability status. All retirement systems provide some type of disability benefit, but the benefits are different for each system.

EARNINGS - are periodic payments for work done.

ELECTED OFFICIAL - is an individual hired by a public vote.

ELECTRONIC REPORTING - is a computer file of payroll information sent to the MPERA on diskette or via mainframe file transfer.

EMPLOYEE - is a person employed by an employer or agency in any capacity and paid a salary by the employer. See also covered employee.

EMPLOYER - is the state government or a political subdivision participating in a retirement system to provide coverage for its employees. See also covered employer and agencies.

EMPLOYER CONTRIBUTIONS - are payments that employers make to the trust fund of a retirement system. The amount an employer pays depends on the total payroll and the employer's contribution rate. Current law sets the employer's contribution rate. In some systems, the state contributes to the trust fund beyond that paid by the employer and employees. Money contributed by employers and the state belongs to the trust fund, and is never part of a member's account.

FISCAL YEAR - is any year commencing with July 1 and ending the following June 30.

FULL-TIME EMPLOYMENT - is any period in which an employer compensates a member for at least 160 hours during each calendar month.

FURS - Firefighters' Unified Retirement System.

GWPORS - Game Wardens' and Police Officers' Retirement System.

HPORS - Highway Patrol Officers' Retirement System.

INACTIVE MEMBER - is a member who has not contributed to a retirement system for three or more months. An inactive member may be a vested or non-vested member. Vested inactive members are eligible for retirement benefits or will be in the future. Non-vested inactive members are only eligible for a refund of their retirement account. The accounts of vested and non-vested inactive members will continue to earn interest. See also vested member.

INTEREST - All retirement systems pay interest to members on the money (contributions plus interest) in their accounts. Each year the Board sets the interest rate based on the interest paid on short term treasury bills and notes. The Board will charge 8% interest to members who purchase service using a monthly installment plan.

IRA - is an individual retirement account.

JRS - Judges' Retirement System.

LEGISLATORS - are people whom the voters empower to make, amend, or repeal laws.

LUMP SUM - is the total amount of a refund or payment of contributions and interest.

MEMBER - is anyone with accumulated contributions and service credited to a retirement system. A member is also a person who is receiving benefits from a retirement system based on their service. A vested member has attained the minimum membership service and is entitled to benefits from the system. The vesting period in all systems is five years.

MEMBERSHIP CARD - is a form for recording pertinent information necessary on all members. The MPERA provides the forms to all employers. The member's payroll clerk must send the cards to the MPERA with a payroll report. For a new member, the card must accompany the first payroll report the clerk lists the member on.

MEMBERSHIP SERVICE - is service a member earns during the months the member works in covered employment and makes contributions. Membership service determines a member=s **eligibility** for vesting, retirement, or other benefits. Eligible members may receive membership service when they make a service purchase.

Total membership service may not match employment service for purposes of granting longevity pay increases or for accelerating annual leave accrual. The laws and rules governing the computation of membership service are separate from those used for other employee benefits. See also credited service.

MILITARY SERVICE - is time served on active duty in the US armed forces.

MPERA - Montana Public Employee Retirement Administration.

MPORS - Municipal Police Officers' Retirement System.

NEW MEMBER - is a person joining a retirement system and not previously reported on a payroll report.

OTHER PUBLIC SERVICE - is public service with the federal government or with a state other than Montana.

PART-TIME EMPLOYMENT - is any period in which the employer pays a member for less than 160 hours during a calendar month.

PAYROLL REPORT - is a turnaround document printed by the MPERA on which an agency summarizes employee salary information and contributions due.

PERB - Public Employees' Retirement Board or Board.

PERS - Public Employees' Retirement System.

PRIMARY BENEFICIARY - is a person designated by a member to receive payment of any death benefits from the member's account. A member may designate more than one primary beneficiary. Primary beneficiaries will receive payment before any other beneficiaries the member may have designated. See also beneficiaries and contingent beneficiary.

REDUCTION IN FORCE (RIF) - is involuntarily ending a member's employment to reduce the number of workers.

REFUND - is the payment of all the money in a member's retirement account to the member. A refund of a member's accumulated contributions will include all contributions and interest in the account. To receive a refund, the member must end covered employment and request the refund. The MPERA must refund the entire account, since current rules prohibit partial refunds. A person who receives a refund is no longer a member of the system and is no longer eligible for benefits. Former members who later accept covered employment must join the retirement system, but without credit for the refunded service. The member may purchase the refunded service after rejoining the retirement system.

Any member purchasing service will have contributions placed in a separate account. These contributions are combined with regular contributions when the service purchase is complete. If a member receives a refund of accumulated contributions, the MPERA will also refund the member=s service purchase contributions which have been paid toward the service purchase.

REGULAR CONTRIBUTIONS - are an employee's payments to a retirement system for future benefits. Law sets the rate which the employee contributes and the rate is a percent of the member's gross pay. Employers deduct the contributions from the employee's pay and send it to the trust fund. Since the 1980's, IRS and state rules require deferring income tax on all regular contributions.

REMITTANCE - is payment of money for any purpose.

RETIREMENT or **RETIRED** - is the status of a member receiving a retirement benefit from a retirement system.

RETIREMENT BENEFIT - see benefit.

SALARY - is compensation paid periodically for work done. See also compensation and wages.

SEASONAL EMPLOYMENT - is full-time employment within a calendar or fiscal year for less than six months. The employment recurs during the same months in succeeding years.

SERVICE - is a period of employment for which the member pays the required contributions to a retirement system. See also service credit and membership service.

SERVICE PURCHASES - is the qualification of other employment or additional service into a retirement system by paying the required cost.

SERVICE CREDIT - see credited service.

SPOUSE - is a member's husband or wife.

SRS - Sheriffs' Retirement System.

STATUTE - is a law passed by the legislature.

SYSTEM - in this manual means a retirement system administered by the Board.

TAX-DEFERRED - means temporarily exempted from taxation.

TERMINATION OF EMPLOYMENT - is a term used to mean the member quit, or ended employment covered by a retirement system. Upon termination, the member will cease to accrue benefits attributable to that employment. The member will receive a payout of sick and annual leave along with wages.

TRS - Teachers' Retirement System

TRUST FUND - is a fund established to hold the contributions, income, and assets of a retirement system in public trust.

VESTED MEMBER - is a member who has attained the minimum membership service and is entitled to benefits from the system. The vesting period in all systems is five years.

WAGES - compensation paid periodically for work done. See also compensation and salary.

WORKER'S COMPENSATION - is payment to an employee who is temporarily unable to work because of an injury. **Worker's compensation payments are not retirement benefits.**